

# Letter to Shareholders Q1 2022



**VALUE-HOLDINGS**  
International AG

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To the shareholders of

**Value-Holdings International AG**

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Dear Ladies and Gentlemen,

in the first weeks of the new year, market participants initially focused on the inflation figures and the associated future central bank policy, above all that of the American Fed, and the expectation of interest rate hikes sooner than previously expected. Highly valued growth stocks in particular suffered from these discussions, as with higher market interest rates their future cash flows are worth less when discounted to today. Since 24 February, however, all the important issues that had previously preoccupied the capital markets have clearly receded into the background. With the unjustifiable invasion of Ukraine by the Russian military, the consequences and effects of this war came into focus and led to corresponding volatile price movements. It still seems too early to accurately predict the precise implications for the global economy and monetary policy discussions arising from strengthening inflation. Significantly rising energy prices, strained logistics chains, especially from war-affected countries, and limited availability of individual raw materials and intermediate products are, however, already clearly visible. The COVID 19 crisis, which has dominated for almost two years, currently feels very much in the background, even though the pandemic is still not over. This is currently particularly visible in China, where the zero-covid strategy is leading to renewed nationwide lockdowns with corresponding standstills in the economy.

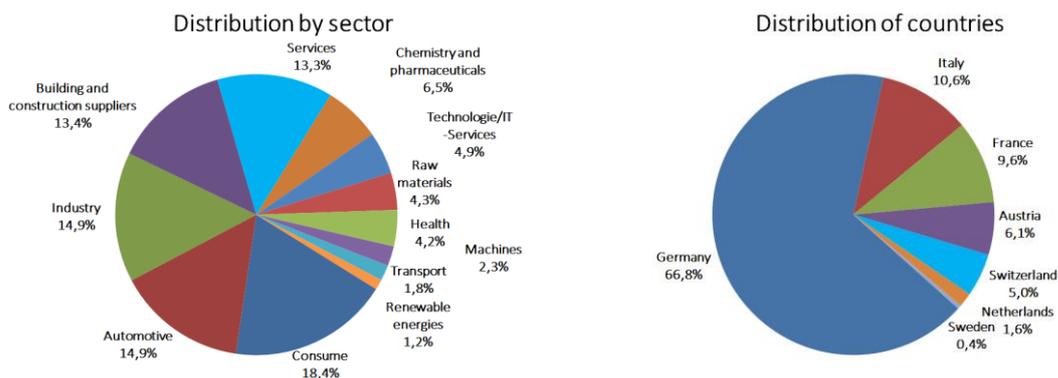
Above all, the armed conflicts led to considerable price movements in the quarter under review. From the high for the year at the beginning of January to the low on 8 March, the DAX lost over 20 % for example. Interestingly, however, by the end of the quarter the German benchmark index had recovered almost the entire loss since the day of the invasion on 24 February. Nevertheless, the Dax has declined by -9.3 % since the beginning of the year. The EuroStoxx 50 also performed very similarly with -9.2 %. The portfolio of Value-Holdings International AG (VHI) was not able to escape the overall mixed situation and also had to record lower prices. The net asset value (NAV) consequently decreased by 8.2 % to € 3.04 per share, slightly outperforming the above-mentioned indices. The price range of the VHI share (WKN: 756 362) on the Berlin Stock Exchange has been between € 3.24 and € 3.42 so far in 2022. At the end of March, the quotation was € 3.28.

There were relatively few changes in VHI's portfolio in the first three months of the new year. We used lower prices to add to some, rather smaller positions. This concerned SAF-Holland, Semperit and q.beyond. We also bought back part of the Sto stake we had sold in the previous year at more favourable prices. Further additions were made after price setbacks in the „Zukunftsdepot,“ where we currently hold eight investments from the New Energy and New Food sectors. The only new acquisition at the end of the quarter concerned an initial position in Henkel, in which VHI thus invested for the first time. Divestments related only to a small part of the DBA Group.

The overall market development is mirrored when looking at the performance at individual stock level. Notable positive share price gains were achieved by DBA Group (+21 %) and Orsero (+19 %). DBA benefited from the announcement of the sale of a significant investment in Slovakia, which will lead to high earnings and an inflow of liquidity. Orsero reported good business figures, but in particular a significantly better than expected outlook for the new year. Takkt (+7 %) continued to perform positively after a special distribution is to be made in addition to the regular basic dividend and the new medium-term targets up to 2025 were also presented. The list of disproportionate price declines, on the other hand, is unfortunately somewhat longer, without company-specific news necessarily being responsible for this. Industrial stocks in particular are affected by rising input costs and uncertainty about the impact of the Ukraine war. These include SAF-Holland (-38 %), Deutz (-28 %), Sogefi (-27 %), Schaeffler (-23 %) and Semperit (-22 %).

The portfolio changes explained have resulted in the liquidity ratio at the end of the first quarter of 2022 being just under 6 %, meaning that our company was invested at just over 94 % (31.12.2021: 91 %). The top 10 holdings out of a total of 38 (end of 2021: 37) core positions, i.e. excluding the „Zukunftsportfolio,“ were the following securities in order of portfolio size as at 31 March 2022:

1) Neodecortech SpA	5,0 %	6) SMT Scharf AG	4,0 %
2) Sto SE & Co. KGaA	4,8 %	7) Evonik AG	3,8 %
3) BMW AG (Preferred)	4,2 %	8) Takkt AG	3,7 %
4) Mercedes-Benz Group AG	4,1 %	9) Hawesko Holding AG	3,7 %
5) Freenet AG	4,0 %	10) Fresenius SE	3,5 %



Contrary to the previous practice of publishing the annual report in the first quarter of the following year, we have decided to postpone the publication of the 2021 annual report slightly this year due to the geopolitical situation. According to current planning, the figures are to be presented at the beginning of May. Due to the partial sale of DBA, as explained above, no significant profit could be achieved so far for 2022. On the other hand, we have already booked a first dividend payment from our investment in Ceconomy due to the deviating financial year. However, we do expect the bulk of this year's dividend income in the second quarter. Provided that the announced dividend proposals of our portfolio companies are actually approved and there are no significant changes within the portfolio, a record level of dividend income is on the horizon, which should be significantly higher than the previous high from 2019 (T€ 361). However, as the Corona pandemic continues unabated and leads, for example, to repeated lockdown measures in China, the impact of the Ukraine war on the global economy is unclear and the massive increase in input costs is weighing on the margins of many companies, a detailed outlook for 2022 as a whole is not possible at present.

Yours sincerely

Roland Könen  
CEO Value-Holdings International AG